

**STATE OF NORTH CAROLINA
UTILITIES COMMISSION RALEIGH**

DOCKET NO. E-2, SUB 1159

DOCKET NO. E-7, SUB 1156

BEFORE THE NORTH CAROLINA UTILITIES COMMISSION

In the Matter of		
Joint Petition of Duke Energy Carolinas,)	
LLC, and Duke Energy Progress, LLC, for)	COMMENTS OF THE
Approval of Competitive Procurement of)	CPRE INDEPENDENT
Renewable Energy Program)	ADMINISTRATOR

NOW COMES THE INDEPENDENT ADMINISTRATOR, and respectfully submits the following comments in respect to the Commission's Notice of October 7, 2019, in which the Commission invited interested parties to provide comments and address:

- (1) Whether the SISC should apply to the renewable energy facilities that are the subject of proposals in the CPRE Program;
- (2) If the SISC is to apply to the renewable energy facilities that are the subject of proposals in the CPRE Program, then:
 - a. how the SISC should be incorporated into the cost-effectiveness limitation set forth in N.C.G.S. § 62-110.8(b); and
 - b. how the application of the SISC to the renewable energy facilities that are the subject of proposals in the CPRE Program is consistent with the treatment of "the utility's own generating resources;" and
- (3) If the SISC is not to apply to the renewable energy facilities that are the subject of proposals in the CPRE Program, then whether and how this approach is consistent with the provisions of N.C.G.S. § 62-110.8.

Accion Group, LLC, the Independent Administrator ("IA") appreciates the complexity of implementing the proposed Solar Integration Service Charge ("SISC"), and the challenge of establishing protocols in the CPRE Program Plan on the cusp of Market Participants ("MPs") preparing Proposals in CPRE Tranche 2. For the purpose of these comments, the IA understands that the Commission will determine whether the SISC will be applied to solar resources procured in Tranche 2. The IA has no position whether the Commission should or should not apply the SISC to CPRE resources. Our comments address how the SISC might be applied considering the cost-effectiveness limitation set forth in N.C.G.S. § 62-110.8. To be clear, the IA will implement whatever program design is approved by the Commission and these comments are provided in the interest of seeking clear understanding of how the IA is

to proceed with Tranche 2. The IA is mindful of the Commission's Supplemental Notice of Decision Notice of October 17, 2019, in Docket No. E-100, Sub 158 ("Commission Notice") and recognizes that Notice did not establish treatment of SISC for CPRE, but rather recognized the established process for comments from interested parties in this Docket. The IA looks to the Commission Notice when considering the optimal ways to evaluate Proposals in CPRE Tranche 2. Accordingly, the IA presents observations and respectfully requests guidance from the Commission that will provide clear guidance for the IA and, in turn, provide guidance to MPs.

INCORPORATION OF COMMISSION NOTICE OF OCTOBER 17, 2019

The Commission Notice would have SISC be a fixed rate (not subject to biennial adjustment). Further, The Commission Notice also would have Duke produce two avoided cost calculations, one that incorporates the SISC into the avoided cost, and the other without the charge. The IA identifies the following challenges that could arise:

- (1) The IA appreciates that a fixed SISC would make evaluation of Tranche 2 Proposals uncomplicated, as compared with recognition of unknown biennial adjustments. With a fixed charge, there would be no need to delay Tranche 2 while a 20-year calculation of SISC with a biennial adjustment were produced and vetted.
- (2) The IA believes the use of the avoided cost calculation without incorporation of the SISC would be simple, direct and consistent with the evaluation design of Tranche 1. With that approach, the MP would be responsible for paying the SISC, separate from the contractual obligations of a CPRE PPA.
 - a. With this approach, the MP's ability to avoid the SISC for any period would not be a component of the IA's evaluation of Proposals.
- (3) If applied to CPRE, the approach in the Commission Notice would require Duke to calculate avoided cost for Projects that express commitment to avoid SISC. The IA believes it would be a significant challenge if the MP were permitted to elect to be evaluated without inclusion of SISC. To permit that election, the IA would need to evaluate whether the Project would have equipment that could reduce or eliminate reliance on the ancillary services for a 20-year period. This would limit controls to existing technology, and prevent use of any technology that might be developed over the next 20 years.
- (4) Excluding the SISC from evaluation in Tranche 2 would avoid the possibility of the charge resulting in a Proposal being calculated as above avoided cost. Also, this would permit the Tranche 2 evaluation to proceed with only assigned system upgrade costs being imputed to Proposals in Step 2.
- (5) Excluding SISC from avoided cost for purposes of Tranche 2 evaluation would also eliminate the challenge for MPs to estimate their ability to avoid the charge for any period over the 20-year PPA.

The IA notes that the current RFP documents available to MPs on the IA Website -- <https://decprerfp2019.accionpower.com> -- have a placeholder that will be revised as appropriate subsequent to the Commission's guidance on this subject. In particular, the PPA would need refinement to clearly set forth any use of SISC. Upon receipt of a Commission Notice, the IA will work with Duke to promptly produce final RFP documents. Further, the IA cautions that we are not suggesting that it has a position for future procurements.

Respectfully submitted this the 18th day of October 2019.

Accion Group, LLC, CPRE Independent Administrator

A handwritten signature in black ink, appearing to read "Harold T. Judd". The signature is fluid and cursive, with the first name "Harold" and last name "Judd" being clearly distinguishable.

Harold T. Judd, Esquire